

# The Role of the Chief Strategy Officer

By understanding how the duties of the chief strategy officer (CSO) can vary significantly from organization to organization, boards and CEOs can make better decisions about which type of CSO is necessary for their leadership teams.

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The chief strategy officer (CSO) is a comparatively new but increasingly important role in many organizations. To explore the role of the CSO, we conducted 24 interviews with CSOs at U.K. companies that are part of the FTSE 100 Index, across a number of industrial sectors. Secondary data — company reports, strategy documents and presentations — were used to complement the interviews. All interviews were conducted either at the CSO's office or via telephone and followed the same semistructured outline and set of questions. They were transcribed verbatim and analyzed through qualitative data management software.

From the outset, it was clear that there was a variation in CSO roles, focused on two dimensions. The first dimension was the stage of the strategy process in which the CSO was involved. Our findings identified a significant demarcation between whether the CSO was focused on the formulation of the strategy or the execution of the strategy.

The second dimension of variation was how the CSO engaged in the strategy process.

Some CSOs were facilitators, advising business units during the strategy formulation or assisting in the execution. Other CSOs were enactors, far more likely to execute the strategy process by themselves or with their team.

Based on variation in the roles carried out by the CSOs, we have developed a typology of four CSO archetypes.

## 1. Internal Consultant

These types of CSOs focused almost exclusively on strategy formulation by themselves or with their strategy team. The execution of the strategy — ownership and responsibility for its implementation — resided firmly with the business units. These CSOs carried out activities similar to traditional management consultants. As one of them stated, “It’s very much like what an external consultant would do, the only difference is that we’re internal.” As a result, we have called this archetype the “Internal Consultant.”

This type of CSO adopted a very rational approach to the development of strategy. One of them described the role as



“getting the facts on the table, coming up with options, evaluating such options and then recommending [the best] one to the business.”

Given the nature of their role, the Internal Consultant CSOs often viewed themselves, as one of them put it, “as a kind of flexible, analytical resource” that was “parachuted in to wherever there was a particular issue that needed additional analytical backing, maybe a bit of objectivity, or at least a slightly more neutral perspective.”

The majority of Internal

Consultant CSOs we interviewed had a background in consulting. Upon leaving consulting, they joined the corporate world as a CSO or a member of their team, and they then carried out the role very much as if they were still external consultants. The CSO role for this archetype was seen largely as a transition into a role that leveraged their skills and had a future in managing a business with profit-and-loss responsibility. As such, these CSOs saw themselves working

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in the role for a number of years, then transitioning to a managerial role in the business.

## 2. Specialist

The second archetype was the “Specialist,” a CSO chosen for highly specialized skills that were not present within the organization. A classic example of a Specialist CSO is someone brought aboard to maintain a mergers-and-acquisitions capability. Another common focus for Specialists is dealing with government or regulations. This is particularly evident in highly regulated industries in which policy decisions can have a critical impact.

What separates Specialists from other CSO archetypes is their level of segregation from business units. They frequently act in a secretive manner, with only the CEO and other relevant C-level executives aware of their actions. Their activities — mergers and acquisitions, or lobbying government or regulatory bodies — are inherently sensitive and as such are kept from the organization at large.

The effectiveness of this type of CSO was dependent upon both their specialized skills and their contacts outside the organization. As such, the majority of Specialists were recruited from investment banks, regulatory bodies or government. In contrast to the Internal Consultant archetype Specialists were more likely to move to another organization in a similar role — thereby continuing to leverage their capabilities and connections.

## 3. Coach

The third archetype was the “Coach.” The Coach was very much a facilitator, who focused on strategy formulation with the business units. Specifically, these CSOs leveraged their access to, and history with, the CEO and the board of directors to help the business units develop strategies that the board and CEO would approve.

In contrast to the Internal Consultants, the Coaches did not develop the strategy themselves. Instead, they viewed their role, as one CSO said, as working to “provide information to help people create strategy” and to “make sure people are talking to each other.”

The coaches viewed their role as advising CEOs and their teams in developing their business strategies. In turn, the business units would then take the strategies that had been facilitated by the CSOs to seek approvals, budgetary and otherwise, from the board and from the CEO.

In contrast to Internal Consultants and Specialists, who were generally recruited from outside the organization, Coaches were typically recruited from those in senior roles in a business unit. Coaches also tended to remain in their CSO role for an extended period — often working for a number of CEOs during their tenure. The extended nature of the role was critical, as this type of CSO focused on coaching the business units on (a) how to formulate a strategy and (b) how to get the strategy approved by the senior

executive team. The role, therefore, required deep knowledge of the senior executive team and the strategy process — something only attainable after spending years inside the organization.

## 4. Change Agent

The final archetype was the “Change Agent.” As with Specialists, Change Agents focused on execution. In contrast to Specialists, Change Agents acted through the business units as facilitators to ensure that strategies were enacted with fidelity. One such CSO described the role as “an enabler. Sometimes the gears don’t mesh in an organization. And you’re there to try and bring the people together.”

Change Agents spent the majority of their time with business unit heads working on implementation. As one said, “Where most time goes, is once you’ve done the business planning or once you’ve done the corporate strategy, you then end up with a series of conclusions and action points, and actually what I spend most of my time doing is then trying to implement the decisions that we arrive at toward the end of those two processes.”

As with Coaches, the success of the Change Agents depends upon their knowledge and network within the organization. As such, the Change Agent also tends to be recruited from within, generally from among people in senior roles with the business units. Change Agents also tend to remain in their role for an extended period — often working for a number of CEOs during their tenure.

## What Type of CSO is Needed?

While the Specialist may be appropriate for organizations undertaking significant merger and acquisition activity or in highly regulated industries where the organizations want to influence the dialogue, the other CSO archetypes focus on different stages of the strategy process — either formulating the strategy for the business units (Internal Consultant), facilitating the strategy approval process between the business unit and senior management (Coach) or facilitating the strategy execution with the business unit (Change Agent). An organization should choose its CSO based on the stage of the strategy process most in need of resources and attention. By understanding how the duties of the CSO can vary significantly, boards and CEOs can make better decisions about which type of CSO is necessary for their leadership teams — and set proper expectations for the role that the CSO will play.

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